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What Is Happening to the Property Tax?

by Richard D. Pomp*

A crucial change may be taking place in the distribution of the property tax burden. Residential property appears to be paying a steadily increasing share of the property tax, while commercial, industrial, and agricultural properties are paying a decreasing share. This change in the distribution of the burden may be one of the keys to understanding the property tax revolt now occurring throughout the country. Professor Pomp identifies those trends which may be responsible for the shift in the burden of the property tax. Ironically, a number of reforms in the property tax may have helped to create the conditions that have brought the property tax under attack. Perhaps we have been hoisted upon our own petard.

Introduction

A survey of what has happened to the property tax over the last decade or two leaves one with a sense of both irony and paradox. The courts have finally become more active in mandating uniform assessments, only to have their efforts undercut by state legislatures. Improvements in the assessment of residential property have been made possible by computer-assisted mass appraisal systems (CAMA), but, in many cases, these improved assessments have led to public outrage. States as different as Idaho—a low-tax, low-spending state—and California—a high-tax, high-spending state—have adopted similar limitations on property taxes, and these limitations might not even redress the conditions leading to their adoption. Changes have occurred in the area of school finance that, on the one hand, have relieved some of the pressure on the property tax by increasing the state's share in

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the costs of education, but, on the other hand, may have helped to create the conditions that have brought the property tax under attack. Often, our best efforts appear to have turned against us.

We are told that property taxes have become intolerable; yet property tax revenue as a percentage of state and local general revenue (excluding federal aid) and as a percentage of personal income has declined since 1972.¹ Indeed, between 1972 and 1977, a period during which the so-called property tax revolt picked up momentum, the ratio of property tax revenue to personal income declined in all but eight states.² Even though we are told that local government has recently grown out of control, few statistical measures support this charge.³

Of course, great diversity often lurks behind statistical aggregates and totals. In the case of the property tax, the aggregate figures may be masking a crucial change in the distribution of the property tax burden. Although the evidence is still preliminary and tentative⁴ and in need of more analysis and refinement,⁵ the indications are that, in some states, residential property is paying a steadily increasing share of the property tax, while commercial, industrial, and agricultural properties are paying a decreasing share. If such a shift in the distribution of the burden is occurring,⁶ it could be one of the keys to understanding the paradoxes and ironies of the past ten or fifteen years.

¹ Gold, "The Changing Shape of Property Tax Relief in the 1970s," paper presented at the Lincoln Institute of Land Policy, Sept. 14, 1979; Manvel, "Correcting the Property Tax Record," *Tax Notes*, Dec. 18, 1978, p. 702. Professor Gold's article contains a summary of material in his book, *Property Tax Relief* (1979).

² Manvel, note 1 *supra*. See also Manvel, "Why the Property Tax Revolt?" *Tax Notes*, July 23, 1979, p. 143.

³ See Kuttner & Kelston, "Tax Revolt and Tax Shift" (unpublished 1979); Levy, "On Understanding Proposition 13," 56 *Public Interest* 66, 75 (1979); Manvel, "Why the Property Tax Revolt?" *Tax Notes*, July 23, 1979, p. 143; Puryear & Ross, "Tax and Expenditure Limitations: The Fiscal Context," 32 *Nat. Tax J.* 23, 31 (special supplement containing the proceedings of a conference on tax and expenditure limitations, 1979) (hereinafter cited as *Supplement*); Shapiro, Puryear & Ross, "Tax and Expenditure Limitation in Retrospect and in Prospect," *Supplement*, at 1, 2.

⁴ The evidence has been compiled by Gold, note 1 *supra*; Kuttner & Kelston, note 3 *supra*.

⁵ See the caveats expressed by Gold, note 1 *supra*, at 25, 27; Kuttner & Kelston, note 3 *supra*, at 11-13.

⁶ The shifting of the tax burden, which is the subject of this article, refers to changes in tax bills and not to the ultimate incidence of the property tax. In other words, the discussion in the text focuses on nominal taxpayers rather than on ultimate taxpayers. For a discussion of the incidence of the property tax, see Aaron, *Who Pays the Property Tax?* (1975).

Pressures for Administrative Improvement

This possible shift in the distribution of the tax burden may be the result of a number of trends that converged in the 1960s and 1970s. First, jurisdictions have come under increased pressure to improve their administration of the property tax. This pressure has arisen from a variety of sources. During the 1960s, the courts and, in some cases, the state legislatures began to be more aggressive in their demands that assessments be equalized and reflect a uniform percentage of fair market value.⁷ Although most state statutes or constitutions have long required that assessments be uniform,⁸ this requirement was often more honored in the breach, and courts were usually reluctant to intervene. The message from the courts and legislatures today, however, is that inequalities in assessments will no longer be tolerated. More lawsuits can be expected now that a precedent has been established for active and aggressive judicial intervention. These lawsuits, or the threat thereof, will continue to exert pressure to improve the administration of property taxes.

Citizens' groups and tax reform groups are another source of pressure. These organizations have recently become active in monitoring the level of assessment ratios.⁹ A particular concern of these groups is whether low-income neighborhoods, whose properties are not appreciating as rapidly as those in other neighborhoods, might be over-assessed.¹⁰

⁷ For a description of some of the cases challenging the lack of uniformity, see Beebe & Sinnott, *In the Wake of Hellerstein: Whither New York?* (1977); Oldman & Schoettle, *State and Local Taxes and Finance* 303-321 (1974); Hellerstein & Hellerstein, *State and Local Taxation* 133-157 (1978).

⁸ For a discussion of the events leading to the adoption of uniformity provisions, see Benson et al., *The American Property Tax: Its History, Administration, and Economic Impact* 31-44 (1965).

The uniformity of the property tax may affect its incidence. According to some views, to the extent the property tax can be made uniform, the more likely that it will be progressive in its incidence. See Aaron, note 6 *supra*.

⁹ These groups have often made use of information released under the so-called full public disclosure policies. Under these policies, property owners are provided with information about the estimated full market values of their properties, their assessed values, and the average ratio of assessed values to market values for the jurisdiction. For a brief discussion, see Back, "Property Tax Administration: Current Conditions and Future Possibilities," in *Property Taxation, Land Use and Public Policy* 60-61 (Lynn, ed. 1974).

¹⁰ Overassessment of low-income neighborhoods may result from the failure to lower assessments in neighborhoods in which values are declining. In some jurisdictions, however, overassessment of low-income neighborhoods may result from a policy of deliberately underassessing high-income neighborhoods. This policy may

A third source of pressure are the reforms in school finance which began in the 1960s and continued throughout the 1970s. These reforms focused on alleviating disparities in the fiscal capacities of the school districts within a state. One common measure of fiscal capacity is the amount of taxable property in each district. Because state funds are used to offset differences in the amounts of taxable property, accurate information about the fair market values of the properties in each jurisdiction is required. This need for accurate information about fair market values¹¹ has often resulted, directly or indirectly, in more uniform and more frequent property assessments.

Other sources of pressure are reports of the U.S. Bureau of the Census¹² and of the ACIR,¹³ which have increased the public's awareness of the administrative shortcomings of the property tax. In addition, the states¹⁴ themselves have taken the initiative in improving administration; they have provided training and technical assistance to assessors, consolidated local assessing jurisdictions, assumed a more active supervisory role, and created and strengthened boards of equalization. Finally, assessors as a group, through such organizations as the International Association of Assessing Officers,¹⁵ have generated their own pressures for administrative improvements.

More Frequent and More Uniform Assessments

In response to the pressures to achieve uniform assessments, some jurisdictions have adopted modern and innovative assessment tools, such as CAMA. These tools allow a jurisdiction to perform rapid and frequent reassessments, with the result that current fair market values, at least those for residential property, can be immediately translated into current assessments.

be pursued by a city that has higher tax rates than its suburbs, in an attempt to maintain or attract middle- and upper-class families. Or, the policy may be an attempt to mollify those homeowners who are politically active and articulate.

¹¹ This need exists in any state that distributes grants or aids in order to offset disparities in the fiscal capacities of its municipalities. See, e.g., *Town of Sudbury v. Commissioner of Corps. & Taxation*, 321 N.E.2d 641 (1974).

¹² See, e.g., U.S. Bureau of the Census, *Taxable Property Values and Assessment Sales Price Ratios* (1977).

¹³ See, e.g., Advisory Commission on Intergovernmental Relations, *The Property Tax in a Changing Environment* (1974).

¹⁴ Despite various proposals, the federal government has not yet actively intervened in the administration of the property tax.

¹⁵ But see "Assessors Bend to Businesses' Bucks," *People and Taxes*, March 1976.

The trend toward more frequent and more uniform assessments is occurring at a time of rapidly changing real estate values. Instead of the modest and gradual fluctuations that occurred during the 1950s and part of the 1960s, we are now experiencing quite rapid increases in the fair market values of certain classes of property. More important, the fair market values of different classes of property are changing at very different rates. The evidence suggests that inflation or related forces have caused the values of residential property in many jurisdictions to increase more rapidly than the values of commercial and industrial property.¹⁶ As these changes in fair market values are translated into changes in assessed values, the owners of residential properties are coming to bear a greater share of the property tax burden.

Many jurisdictions have not yet experienced such a shift because they have not revalued their properties recently. Assessments in these jurisdictions are based on past values rather than present values and therefore do not reflect the recent appreciation in the value of residential property. Indeed, some cities, such as Hartford, purposely delayed updating their assessments in order to avoid a politically volatile increase in the property tax on homeowners. Other jurisdictions, however, have simply not had the resources or the capability for keeping their assessments up to date. In many of the latter jurisdictions, the administration of the property tax has not changed much since the days when fluctuations in real estate values were modest and gradual. The primary job of the assessor in these jurisdictions has been to keep track of new construction and additions to existing structures, of demolitions, and perhaps of changes in machinery and inventory (if such property is taxable). Frequent revaluations of property were simply not anticipated.¹⁷ As these jurisdictions update their assessments, however, a shift in the distribution of the property tax burden onto homeowners can be expected.

An increase in the property taxes of homeowners is not necessarily dependent on residential property's appreciating more rapidly than business property. An equalization of assessments will shift the burden of the property tax onto homeowners in any jurisdiction that has intentionally underassessed residential property or overassessed

¹⁶ From 1966 to 1976, the average annual percentage increase in the value of urban residential property throughout the country far exceeded that of commercial and industrial property. Manvel, "The Rise in Realty Values," *Tax Notes*, Feb. 5, 1979, p. 160.

¹⁷ These jurisdictions may, however, revalue some business properties annually.

business property,¹⁸ practices that may not be uncommon. Some cities, for example, are said to have underassessed residential property in order to attract or keep homeowners.¹⁹ In a city whose property tax rates are substantially higher than those in neighboring communities, underassessment may be one of the few tools available for offsetting this differential or reducing other differences in the cost of living. In some cases, the underassessment of residential property may be an attempt to keep assessments within politically or economically tolerable ranges, especially during an inflationary period. The overassessment of business property, in contrast, may reflect the philosophy that income-producing property can afford to pay a higher effective rate than residential property.²⁰ Of course, to the extent that the value of residential property is increasing faster than the value of other properties, the line between intentional and unintentional failures to equalize assessed values becomes blurry.

The terms "underassessment" and "overassessment" should be used gingerly²¹; they imply that we have a measurement of fair market

¹⁸ To the extent that low-income persons are renters rather than homeowners, overassessment of rental housing may increase the regressivity (or lessen the progressivity) of the property tax, provided that the tax is at least partially shifted forward to tenants.

¹⁹ New York City, for example, has a tradition of deliberately underassessing residential property in order to deter middle-income families from moving to the suburbs. The New York Times, Feb. 22, 1973, p. 35. Single-family housing was underassessed in a majority of the cities studied by Aaron. In some of these cities, underassessment was so great that Aaron concluded that underassessment must have been intentional. Aaron, note 6 *supra*, at 59-61. See also Bird & Slack, *Residential Property Tax Relief in Ontario* 13-15 (1978). "[A]ll residents of single-family houses . . . have probably long been favoured by assessing practice in Ontario, as in most jurisdictions. Any such persistent pattern of discriminatory assessments must grow out of and be maintained by political pressures and the operation of the political process." *Id.* at 14-15. See also note 10 *supra*.

²⁰ A jurisdiction may intentionally overassess certain business properties on the assumption that the property tax will be exported to residents of other jurisdictions.

²¹ The U.S. Census of Governments' quinquennial report on sales-assessment ratios is often cited to indicate that business property is overassessed. For a criticism of the use of this report, see Gaffney, "An Agenda for Strengthening the Property Tax," in *Property Tax Reform* 65, 74-75 (Peterson, ed. 1973).

A study based on sales-assessment ratios is of value only if the properties that have been sold are a representative subset of the universe of all properties. This condition might not be true of certain types of business properties, for example, rental property. I have often been told by assessors that, in some jurisdictions, "good" rental property rarely changes hands and that only "undesirable" rental property that is a "poor" investment is sold. This "undesirable" property will, of course, sell at a reduced price that will yield a normal market rate of return. But unless this rental property has been recently reassessed at a value that reflects its decline

value that is equally reliable for residential property and for business property and against which the assessments of those properties can therefore be compared. Yet it is questionable whether the approaches used in valuing commercial and industrial property today—approaches that were developed in earlier times—are satisfactory under current economic conditions.²² For example, can these approaches properly take account of the tax-sheltered aspects of certain types of commercial investment or of the increasingly complex financing mechanisms now in common use? Does the income capitalization method work satisfactorily in valuing properties that are being held partly for their capital appreciation?²³ Is the band-of-investment approach a reliable valuation technique if investors make their decisions on a discounted cash-flow basis?²⁴ Can a local assessor adequately measure current

in fair market value, it might appear to be overassessed in comparison with residential property. It would not be correct, however, to draw the conclusion that all rental property is overassessed. In effect, there are two classes of rental property—"good" and "bad." The results of a sales-assessment ratios study would reflect only one of these classes; they would not be applicable to the other class.

In other jurisdictions, however, the only rental property being sold might consist of units suitable for conversion to condominiums. This class of property might sell at a higher price that would reflect its value as condominiums rather than at a lower price that would reflect its value as rental property. Unless this class of property has been recently reassessed, it might appear to be underassessed in comparison with residential property. Again, it would not be correct to draw the conclusion that all rental property is underassessed. In effect, there are two classes of rental property and the results of a sales-assessment ratios study would reflect only one of these classes.

²² These approaches may never have worked well, but rapid changes in market values only serve to highlight their latent weaknesses and defects.

²³ "The problem introduced by the continued existence of inflation and the growth of inflation psychology is that these processes introduce elements which unevenly affect . . . different methods of appraisal. For example, the price of a property which is believed to be an 'inflation hedge' may be bid up to a price well above that which can be justified by the income approach unless the assessor also makes heroic assumptions regarding future price and income levels . . . many houses are being purchased for speculation or investment even though current rental incomes are far too low to return a profit." Fisher, *The State's Role in Property-Tax Administration* 5 (1978).

Many assessors do not require landlords to submit sworn income statements or copies of their federal tax return. Consequently, income figures submitted by landlords may, in some cases, understate true income.

²⁴ Professor Oliver Oldman puts the question this way:

The appraisers might tell us whether or not the approaches regularly and systematically used by property tax assessors have a built-in tendency or bias toward lower-than-market values because assessors are behind in the understanding rapidly changing market forces and taking into account such matters as tax shelters and increasingly complex financing mechanisms.

Oldman, "Book Review," 7 J. Real Est. Tax. 94 (1979).

replacement costs in a rapidly changing market? And, are assessors influenced by knowing that businesses are more likely than homeowners to challenge their assessments?²⁵

To put it another way, whatever the meaning of fair market value, with all of its ambiguities and weaknesses, do we come closer to capturing it in the case of single-family homes²⁶ than in the case of commercial and business property,²⁷ especially in smaller jurisdictions that cannot afford well-trained and well-supported personnel? Perhaps a jurisdiction that intentionally overassesses business property or intentionally underassesses residential property is merely answering this last question—admittedly, in a crude manner—in the affirmative. Nonetheless, if assessments are equalized, a shift of the property tax burden onto homeowners will occur unless a jurisdiction can defend higher valuations for its commercial and business property.

Ironically, CAMA and similar tools might actually accelerate the shift of the property tax burden onto homeowners. These tools were originally developed for use in valuing residential property and have not yet been used extensively in valuing commercial and industrial property.²⁸ Consequently, CAMA allows a jurisdiction to reassess residential property rapidly and frequently. Even though use of CAMA might free manpower for the assessment of business property, residential property still tends to be reassessed more often than commercial and industrial property. Since any appreciation in the value of business property which may be occurring is not being translated into higher assessments as quickly as is the appreciation in the value of residential property, CAMA and similar tools are causing a greater shift of the property tax burden onto homeowners than might otherwise occur.

²⁵ An unexplored question in the literature is the role played by the courts in refusing to accept new assessment methodologies and thereby retarding the development of new techniques.

²⁶ Two-, three-, or four-family houses in stable neighborhoods may also not present the same type of valuation problems as more complex business and industrial property.

²⁷ Property owned and used by railroads and utilities presents especially difficult problems of valuation. The Railroad Reorganization and Reform Act of 1976 grants railroads access to federal courts so that they can protest discriminatory valuations of their property.

²⁸ Charles Cook of the Lincoln Institute of Land Policy informs me that Cuyahoga County, Ohio, uses CAMA in the valuation of commercial property. See also "Mass Appraisal of Commercial Properties in New York State," 14 *Assessors Journal* 169 (1979).

Attempts at Equalizing Assessments

One tentative lesson that might be drawn from the 1960s and 1970s is that attempts to equalize assessments can often trigger a shift in the share of the property tax borne by homeowners. A few statistics can illustrate the magnitude of this shift. In a 1967 suit in Idaho, a group of utilities was successful in alleging that they were over-assessed. As a remedy, the court ordered all jurisdictions to equalize their assessments of all properties. After some delay by Idaho's assessors, who are elected officials and therefore not anxious to equalize assessments and increase taxes on homeowners, the reassessment was completed in 1977. Because of the reassessment, the share of the property tax contributed by commercial, industrial, and utility properties fell nearly 25 percent, whereas the residential share of the property tax nearly doubled. Because Idaho has no homestead exemption and no general circuit breaker, homeowners bore the full brunt of the reassessment. As might have been predicted, this large shift in the distribution of the tax burden unleashed a wave of protest. In Ada County, which includes Boise, 7,000 taxpayers appealed their assessments in 1976 and another 4,000 appealed in 1977; only about ten appeals would normally have been expected each year. The result, according to some commentators, was the adoption of a Proposition 13 type of provision by a state that ranks nearly fiftieth in the country in public school expenditures and whose statistical profile indicates that state and local tax levels are well below the national average.²⁹

California, a state quite unlike Idaho in most respects, experienced a similar shift in the property tax burden in 1966, when its legislature required that all property be assessed at 25 percent of fair market value. Because homes were underassessed in most jurisdictions, the equalization of assessments resulted in a large increase in the property taxes of homeowners.³⁰ The resulting protest led to the adoption of a homestead exemption. This exemption, which was increased in 1972, appar-

²⁹ The information on Idaho is based on Kuttner & Kelston, "Tax Revolt and Tax Shift," 22-27 (unpublished 1979).

³⁰ Because the increases in the assessments of single-family houses were apparently offset, in many jurisdictions, by decreases in the assessments of commercial and industrial properties, the total tax base often remained unchanged. As a result, many jurisdictions could not eliminate the increase in homeowner assessments by reducing mill rates unless they were willing to suffer a decline in revenue. Levy, "On Understanding Proposition 13," 56 Public Interest 66, 75 (1979). See also the text accompanying note 64 *infra*.

ently kept the distribution of the property tax burden fairly stable until the mid-1970s, when residential properties in California experienced a rapid appreciation.³¹ Since California has some of the best property tax administrations in the country, many being able to revalue residential properties once every three years and others even annually, the appreciation in the value of residential properties was quickly translated into higher assessments. By some accounts,³² these ever-increasing assessments of homeowners contributed to the passage of Proposition 13.

Massachusetts is a third example. In 1974, a state court required that all property be assessed at 100 percent of fair market value.³³ According to local observers, income-producing property in some localities had traditionally been assessed at a higher level than residential property.³⁴ Furthermore, many jurisdictions had not revalued their properties for twenty or thirty years. Consequently, a shift to uniform assessments would have increased the tax burden on residential property by nearly \$180 million.³⁵ Faced with this prospect, many jurisdictions, including Boston, delayed as long as possible in complying with the court's decision. In 1978, an amendment to the state constitution allowed for the classification of property; residences were to be assessed at a lower percentage of fair market value than commercial and industrial property.³⁶

New York is facing a similar shift in the property tax burden. In response to a 1975 decision,³⁷ the legislature ordered all jurisdictions to revalue their properties by January 1, 1981. One study has predicted

³¹ Kuttner & Kelston, note 29 *supra*, at 15.

³² E.g., Break, "Interpreting Proposition 13: A Comment," in Supplement, note 3 *supra*, at 43.

³³ *Town of Sudbury v. Commissioner of Corps. & Taxation*, 321 N.E.2d 641 (1974).

³⁴ See Kuttner & Kelston, note 29 *supra*, at 31.

³⁵ Avault, Ganz & Holland, "Tax Relief and Reform in Massachusetts," in Supplement, note 3 *supra*, at 290. In a study of 257 Massachusetts communities, it was predicted that 100 percent valuation would result in a shift of the tax burden from commercial and industrial property onto residential property in 250 communities. The shift would be the most severe in the larger, older, and industrial cities and towns. Wheaton, *The Statewide Impact of Full Property Revaluation in Massachusetts* (1975). For a study of the impact of 100 percent valuation in Boston, see Holland & Oldman, "Estimating the Impact of Full Value Assessment on Taxes and Value of Real Estate in Boston," in *Metropolitan Financing and Growth Management Policies* 195 (Break, ed. 1974).

³⁶ Avault, Ganz & Holland, in Supplement, note 3 *supra*, at 290.

³⁷ *Hellerstein v. Assessor of Town of Islip*, 332 N.E.2d 279 (1975).

that this revaluation would increase taxes on residential property in New York City by 113 percent.³⁸

The City of Hartford is presented as a final illustration. In 1974, state law was changed and now requires that property be revalued once very ten years, beginning in 1978.³⁹ As a result, Hartford was confronted with its first major revaluation in nineteen years, which would have increased taxes on homes in some neighborhoods by nearly 90 percent. In order to avoid this politically charged increase, the state granted Hartford permission to adopt a classified property tax for two years.⁴⁰ Hartford has equalized assessments both within the commercial sector and within the residential sector, so that taxes in neighborhoods that have declined in value, and were therefore over-assessed, have been reduced in comparison to taxes in neighborhoods that have been appreciating in value. Although some homeowners who were previously underassessed vis-à-vis other homeowners have had an increase in their taxes,⁴¹ the aggregate share of the property tax borne by homeowners as a class has not been increased because residential property is assessed at a lower percentage of fair market value than is commercial property.

Increased Use of Property Tax Abatements

A more rapid appreciation of residential property and a policy of underassessing homes or overassessing businesses are not the only factors that might be contributing to a shift in the distribution of the property tax burden. Over the past decade, municipalities have made increased use of property tax abatements and other concessions in an attempt to attract new businesses and to maintain existing businesses. Jurisdictions within a state are competing for business not only with each other but also with jurisdictions in neighboring states and with jurisdictions in other regions of the country. Regional competition has become so fierce that some commentators have referred to the prolifera-

³⁸ New York Assembly Task Force on School Finance and Real Property, "Impact of Full Value Assessment on New York State's Real Property Tax System," cited in Kuttner & Kelston, note 29 *supra*, at 52.

³⁹ Conn. Gen. Stat. Rev. § 12-62.

⁴⁰ Conn. Gen. Stat. Rev. §§ 12-62(c), 12-62(d).

⁴¹ Even though residential property might, as a class, be underassessed compared to business property, intraclass inequities will result if some homeowners are assessed at higher percentages of fair market value than others. Unless assessments are kept current, homeowners in neighborhoods whose property is not appreciating as rapidly as that in other neighborhoods will be relatively overassessed. See note 10 *supra*.

tion of property tax incentives as "the ammunition in the latest war between the states."⁴² Since most local officials do not want to have the blood of a runaway plant on their hands or to be viewed as being against economic growth, the pressure to grant tax incentives is often severe. It is rumored that little new commercial construction occurs in some cities without either formal or informal property tax concessions having been granted.

Although local officials often attach great importance to property tax concessions, much of the empirical work suggests that these incentives have little effect on business behavior.⁴³ To the extent that this conclusion is true, the trend toward the increased use of property tax incentives results in a reduction of the property taxes borne by commercial and industrial property without any commensurate offsetting benefits. The net effect, therefore, is to increase the share of the property tax which must be borne by property not granted such concessions, including residential property.

In some jurisdictions, citizens' groups, school boards, and local businessmen have become active in opposing property tax incentives, but their efforts have so far not been successful. An occasional jurisdiction, such as New York City, may consider curtailing its tax concessions because of improved economic conditions, but otherwise there is no reason to anticipate an abrupt reversal in their use. In fact, some measures that are intended to offset a shift of the property tax burden onto homeowners, such as a classified property tax, a delay in revaluing property, or an extralegal policy of overassessing income-producing property, may actually increase the pressure to grant concessions to business.

Increased Exemptions for Personal Property

Paralleling the trend toward the increased use of property tax incentives has been the trend toward exempting equipment and inventory from the personal property tax. Between 1968 and 1978, the number of states totally exempting personal property increased from four to eight. In addition, sixteen states exempted livestock, eleven states exempted farm equipment, and seventeen states totally or par-

⁴² *The Wall Street Journal*, June 30, 1978, p. 1.

⁴³ For a fuller discussion, see Pomp, "Can Tax Policy Be Used to Stimulate Economic Development?" remarks prepared for the American University—Multistate Tax Commission's State and Local Business Tax Symposium, American University Law Review (forthcoming, 1980).

tially exempted inventories.⁴⁴ Such exemptions brought about a further decline in the share of the property tax paid by businesses, though this loss of local revenue has been partially offset in some cases by the use of state funds.

In states that tax personal property, the assessor commonly bases his assessment on book value, that is, on historical cost less depreciation, rather than on fair market value. The temptation to use book value as a substitute for fair market value can be great, especially if the taxable property is highly specialized equipment that can be accurately valued only in the context of a national market. Yet book value may not be a satisfactory substitute for fair market value in some cases. As inflation continues to drive up the cost of new personal property, prices in the second-hand market also rise. Under inflationary conditions, therefore, book value may understate the fair market value of certain kinds of personal property. To the extent that personal property is assessed at less than its fair market value, the share of the property tax that must be borne by other classes of property is increased.

The valuation problems and other administrative difficulties encountered in taxing personal property, in combination with pressure from the business community, have often resulted in the exemption of such property. Jurisdictions that are experiencing a growth in service-oriented activities and a decline in industrial activities might, however, wish to re-examine their exemption policies. If service-oriented businesses tend to be personal-property-intensive, rather than structure-intensive, as is sometimes alleged, then the taxation of personal property will allow a jurisdiction to share in the growth of these businesses.⁴⁵

Preferential Treatment of Agricultural Property and Vacant Lots

The exemption of livestock and farm equipment from the personal property tax is a reminder of the preferential position of agricultural property under the tax laws of most states. Even though in many states the value of farmland is increasing more rapidly than the value

⁴⁴ Gold, "The Changing Shape of Property Tax Relief in the 1970s," at 12, paper presented at the Lincoln Institute of Land Policy, Sept. 14, 1979.

⁴⁵ For a discussion of the taxation of business personal property, see Burkhard, "The Taxation of Business Personal Property," in *Property Taxation USA* 103 (Lindholm, ed. 1969); Netzer, *Economics of the Property Tax* 138-163 (1966).

of residential property,⁴⁶ homeowners have borne the brunt of this increase in jurisdictions that contain both residential and agricultural property. The owners of farms have been shielded from the rapid increase in the value of their land by special legislative measures that offer preferential treatment to farmland.⁴⁷ Such measures, which generally allow farmland to be assessed on the basis of use value rather than fair market value, are now applied in more than forty states.⁴⁸ Although these measures are not meant to freeze the assessed value of farmland, they often have that effect because many jurisdictions fail to increase assessments based on use value. This failure reduces the tax burden on farmland even further and thus increases the share of the property tax that must be borne by other classes of property.

Although the owners of farmland have been insulated from increased assessments by special legislation, the owners of vacant lots, a class of property which is appreciating even more rapidly than farmland and residential property in some jurisdictions,⁴⁹ have been shielded by extralegal preferential assessments. All but a few states tend to assess vacant lots at a lower percentage of fair market value than residential property.⁵⁰ In nearly twenty-five states, vacant lots are assessed at percentages of fair market value which are at least 20 percent lower than the percentages used in assessing homes.⁵¹ In some cases, the underassessment of vacant lots is unintentional and probably due to neglect by the assessors; in other cases, however, it may reflect a judgment that vacant lots require less in the way of public services than other classes of property. The property's failure to produce current income might also influence an assessor who was concerned about the owner's ability to pay.⁵² Similar reasons have been offered in

⁴⁶ From 1966 to 1976, the average annual percentage increase in the value of rural property throughout the country exceeded that of all other classes of real property except vacant lots. Manvel, "The Rise in Realty Values," *Tax Notes*, Feb. 5, 1979, p. 160.

⁴⁷ Much debate has centered around the use of these measures. For a small sampling of the literature, see the references cited in Pomp, "Lifestyles and Land Use: Providing Financial Assistance Through the Tax System," in *Land Use and Lifestyles* 55 n.4, 58, n.20 (1979).

⁴⁸ Gold, note 44 *supra*, at 10-11.

⁴⁹ From 1966 to 1976, the average annual percentage increase in the value of vacant lots throughout the country exceeded that of all other classes of real property. Manvel, note 46 *supra*.

⁵⁰ Manvel, "Property Tax Preferences for Vacant Lots and Rural Acreage," *Tax Notes*, Oct. 15, 1979, p. 534.

⁵¹ *Id.*

⁵² In some cases, an assessor may feel that vacant lots are overpriced and not

defense of the preferential assessment of farmland. Nevertheless, increasing the assessment of vacant land would help not only to reduce the residential share of the property tax, but also to achieve some of the goals advanced by the supporters of site-value taxation.⁵³

Relief Measures

The shift of the property tax burden onto homeowners which may result from an equalization of assessments can be mitigated through relief measures such as circuit breakers, classified property taxes, and homestead exemptions. The use of such measures has mushroomed over the past decade and represents a significant trend. In some states, the adoption of new or additional relief measures has clearly been an attempt to offset a shift of the property tax burden onto homeowners. For example, except in the District of Columbia, the purpose of all of the recently adopted classified property taxes⁵⁴ was to prevent the increase in homeowner taxes which would otherwise have resulted from equalized assessments. In addition, New York is considering classification as a possible response to its impending shift in the property tax burden.

The Homestead Exemption

The use of a homestead exemption, which is a limited form of classification, has also increased over the last fifteen years. At present, nearly forty states and the District of Columbia have some type of homestead program, whereas only twelve did in 1965.⁵⁵ In some states, such as California, the homestead exemption was adopted specifically to retard the shift in the distribution of the tax burden which occurred

worth what they are selling for, and he may therefore lower that assessment accordingly.

⁵³ For a fuller discussion of the taxation of vacant land, see Gaffney, "An Agenda for Strengthening the Property Tax," in *Property Tax Reform* 75-79 (Peterson, ed. 1973). For a discussion of site value taxation, see *The Assessment of Land Value* (Holland, ed. 1969) and the writings of Professor C. Lowell Harriss.

⁵⁴ For a discussion of a classified property tax, see Leland, *The Classified Property Tax in the United States* (1928); Hatfield, "Minnesota's Experience With Classification," in *The Property Tax: Problems and Potentials* 239 (1967); Sonstelie, "Classified Property Tax," in U.S. Congress, House of Representatives, Committee on the District of Columbia, *Technical Aspects of the District's Tax System: Studies and Papers Prepared for the District of Columbia Tax Revision Commission*, 95th Cong., 2d Sess. 233 (1978).

⁵⁵ Gold, note 44 *supra*, at 4, 7.

following a reform in assessment procedures. In Massachusetts, the homestead exemption was adopted along with a classified property tax. Iowa and Minnesota increased their existing homestead exemptions in order to reduce a shift in the distribution of the property tax. A homestead exemption is also under consideration in New York.

Circuit Breakers

The use of circuit breakers also spread rapidly during the 1970s. Between 1970 and 1973, fifteen states adopted circuit breakers, and six more states followed suit between 1975 and 1978. Today, nearly thirty states and the District of Columbia have circuit-breaker programs.⁵⁶ Because the programs of most states benefit only elderly homeowners and renters and provide relief only to low-income persons within these groups, how many of them were adopted specifically in response to a shift in the property tax burden is not clear. Oregon, Michigan, and Minnesota, however, are sometimes cited as states that adopted or expanded circuit breakers in response to a shift in the property tax burden.⁵⁷ Perhaps it is just a coincidence, but voters in both Oregon and Michigan defeated Proposition 13-type limitations, though Michigan voters did approve a moderate limitation on the rate of growth of state taxation. Minnesota, according to some observers, has adjusted its complex classified property tax, its circuit breaker, and its homestead exemption in a conscious attempt to stabilize the shares of the property tax paid by various classes of property.⁵⁸

Limitations on Spending

The form of relief which became the most highly visible during the 1970s, and which received more nationwide publicity than classified property taxes, circuit breakers, and homestead exemptions, was the use of limitations on local government spending, tax revenues, or

⁵⁶ *Id.* at 4. For a critical discussion of circuit breakers, see Aaron, "What Do Circuit-Breaker Laws Accomplish?" in *Property Tax Reform*, note 53 *supra*, at 53. See also ACIR, *Property Tax Circuit-Breakers: Current Status and Policy Issues* (1975).

⁵⁷ Kuttner & Kelston, "Tax Revolt and Tax Shift" (unpublished 1979). In referring to Wisconsin's circuit breaker, John Shannon stated: "I think this represents . . . an attempt to try to convert this *ad valorem* beast [the property tax] so that it does not do too much violence to a consensus as to what is a reasonable tax load." Shannon, "Conference Hour Discussions," in *Property Taxation USA*, note 45 *supra*, at 272.

⁵⁸ Kuttner & Kelston, note 57 *supra*, at 6, 8-9, 36, 44.

assessments.⁵⁹ Although limits on local tax rates have existed for years, up until the 1970s only a handful of states limited local spending or tax revenues, and no state limited permissible increases in assessed values.⁶⁰ The limitations adopted during the 1970s differ in form, therefore, from the earlier ones; they also vary among themselves in design, goals, and effects. Clearly, however, the limitations adopted by some states were tailored to respond to the shift that was occurring in the share of the property tax borne by homeowners. In Iowa and Oregon, for example, limitations were imposed on the increase in the assessed value of homes as a class. In other words, the limitation on the increase in assessed value is applied not to the assessment of each individual home, but to the aggregate assessment of residential property as a class. This approach has the advantage of limiting the increase in the residential share of the property tax while maintaining uniformity in the assessment of all residences. In effect, it is equivalent to the adoption of a classified property tax.

The approach of Oregon and Iowa can be contrasted with that used by California and Idaho. In the latter two states, limitations are imposed on the increase in the assessment of each property. As a result, parcels that are equal in fair market value may have very different assessments. Uniformity in the assessment of all classes of property is sacrificed. Moreover, the California and Idaho limitations contain a feature that will ensure that homeowners continue to bear an increasing share of the property tax burden. In both California and Idaho, property can be fully reassessed at the time of its sale.⁶¹ Because homes are sold much more often than business property, the assessed values of residential properties will more closely approximate fair market values than will the assessed values of commercial and industrial properties. The Los Angeles County Assessor estimates that by 1984, single-family homes will be paying 80 percent of the total property taxes collected in Los Angeles. Indeed, during the first year after Proposition 13, the percentage of the property tax borne by single-family homes in Los Angeles increased by 8 percent.⁶² Although the

⁵⁹ In general, see Supplement, note 3 *supra*; for a study of property tax limits, see IAAO, "Property Tax Limit Legislation: An Evaluation," 14 Assessors Journal 129 (1979).

⁶⁰ Gold, note 44 *supra*, at 17.

⁶¹ Proposition 13 thus legitimizes the so-called welcome stranger policy; that is, the extralegal policy of many communities of reassessing property only at the time of its sale.

⁶² See Kuttner & Kelston, note 57 *supra*, at 19.

California and Idaho approaches reduce the general level of property taxes and therefore benefit all property owners, including homeowners, they are not tailored to offset the shift in the property tax burden and, ironically, will actually aggravate the shift.

California is interesting from another point of view. One of the common explanations for the property tax revolt in California is that local government was overgrown and laden with fat and inefficiency. From the perspective of a homeowner, this conclusion was entirely understandable. As he watched the appreciation of his house being rapidly translated into ever-increasing assessments that were not fully offset by reductions in mill rates, a homeowner would easily feel that local government was growing out of control. Because the level of public services was not increasing, it was also natural to conclude that local government must be inefficient and fat-laden (with the exception, of course, of the property tax administration).

The problem with these conclusions, however, is that the available data do not clearly indicate that most local governments were fattening themselves on the increased assessments of homeowners. Although local expenditures grew at a slightly faster rate than the consumer price index, the rate was still significantly below the rate of growth in the assessed values of single-family homes.⁶³ Moreover, in the cities, the property tax accounts for only about 25 percent of total revenues, and not all of that 25 percent is paid by residences. Even a large increase in the amount paid by homeowners would not result in a profligate growth in local revenues.

The shift that was occurring in the distribution of the property tax burden might partially explain why the tax bills of homeowners were rising faster than local government revenues and also why some jurisdictions could not completely offset the increased taxes of homeowners. From 1974 to 1979, the prices of existing homes in San Francisco increased by 120 percent, and the prices in the Los Angeles area rose even faster.⁶⁴ Although housing values in other parts of California did not rise as rapidly, they nonetheless rose much more rapidly than the value of commercial and industrial property.⁶⁵ In the state as a whole, the property taxes paid by homeowners increased by more than one-third.

⁶³ Levy, "On Understanding Proposition 13," 56 Public Interest 66, 75 (1979).

⁶⁴ Oakland, "Proposition 13—Genesis and Consequence," in Supplement, note 3 *supra*, at 389-390.

⁶⁵ Oates, "Capitalization Session: Discussion," in Supplement, note 3 *supra*, at 111.

A jurisdiction that wanted to offset the increased burden on homeowners could, of course, lower its mill rate, but the lower rate would apply to all property, including commercial and industrial property that was not rising in value nearly as rapidly as residential property. Therefore, unless a jurisdiction was willing to tolerate a reduction in property tax revenue, or a reduction in services, it could reduce its rates only enough to mitigate, but not enough to eliminate, the increased tax burden on homeowners. In fact, the evidence does indicate that property tax rates were reduced by about 5 percent from 1974 to 1978; this reduction was not large enough, however, to offset the increase in residential assessments.⁶⁶ To be sure, a different picture might emerge if the data were disaggregated. No doubt there were jurisdictions containing primarily residential property that did not fully roll back their rates to offset the increase in assessments. Still, the shift in the distribution of the tax burden would explain why, in some jurisdictions, the taxes on homeowners were increasing at a more rapid rate than local spending.

School finance makes an ironic entrance at this point. In California, and in a majority of other states, school aid is distributed by the state on the basis of each jurisdiction's taxable property. The higher the fair market value of the property within a jurisdiction, the smaller the amount of aid distributed. Since assessed values in California were increasing sharply, the state was distributing smaller amounts of aid.⁶⁷ This reduction in school aid made it more difficult for some jurisdictions to lower their property tax rates and thereby relieve the burden on homeowners.

There is another ironic side to school finance. The amount of aid which the state was, in a sense, saving as a result of rising residential assessments served only to enhance an already existing state surplus, a surplus generated by increased collections under the state's progressive and revenue-elastic income tax.⁶⁸ Obviously, the existence of this state surplus contributed to the taxpayer revolt in California.

Pressures That Will Shape the Property Tax in the 1980s

Understanding the forces that might be causing a shift of the property tax burden onto homeowners helps us to predict the pres-

⁶⁶ Levy, note 63 *supra*, at 75.

⁶⁷ Oates, "Capitalization Session: Discussion," in Supplement, note 3 *supra* at 111.

⁶⁸ For an explanation of the growth in the state's surplus, see Oakland, "Proposition 13—Genesis and Consequences," in Supplement, note 3 *supra*, at 392-394.

tures that will shape the property tax during the coming decade. The continuing trend toward uniform assessments will increase the taxes of homeowners in any jurisdiction in which residential property is underassessed, either by design or by neglect. This increase in taxes, coupled with increases in the other costs of home ownership, will almost certainly increase the pressure to adopt or expand relief measures.⁶⁹

Under certain circumstances, this pressure might become acute. Suppose, for example, that the growth of federal and state aid were to slow during the 1980s because of budgetary constraints.⁷⁰ Many jurisdictions might then be compelled to increase their property tax rates. As a result, relief measures might become political imperatives, and measures that did not require state funding, such as a limitation on local taxes or spending, limits on increases in assessments, or a classified property tax, would be especially attractive.

In a jurisdiction that already relies heavily on the property tax, a shift in the tax burden or an increase in tax rates will only intensify the perennial search for alternative sources of revenue, such as local sales and income taxes, new taxes on business, contributions from tax-exempt property or state payments on behalf of tax-exempt property,⁷¹ tax-base sharing, state-administered intangible property taxes,⁷² user charges, and development fees. It will also reinforce ongoing attempts to shift the financing of more services onto the state.

⁶⁹ For a critical commentary on the granting of special relief measures to homeowners, see Gaffney, note 53 *supra*, at 72-73.

⁷⁰ Intergovernmental aid has grown rapidly in recent years, both in absolute and in relative terms. Between 1969 and 1978, federal and state aid to local governments increased at an average rate of 25 percent. Puryear & Ross, "Tax and Expenditure Limitations: The Fiscal Context," in Supplement, note 3 *supra*, at 24. State and federal aid to local governments as a percentage of local governments own-source revenues rose from 56.9 percent to 76 percent in 1978. *Id.* at 26.

⁷¹ Connecticut has recently adopted landmark legislation under which the state provides municipalities with payments in lieu of the taxes lost because of the presence of certain nonprofit organizations. See Pomp, "Tax-Exempt Property and the Cities: Striking a Balance," 7 J. Real Est. Tax. 50 (1979); *Property Tax Exemptions for Non-Profit Institutions: Problems and Proposals* (1978).

⁷² For a discussion of a tax on intangibles, see Groves, "Property Taxation of Intangibles," in *Property Taxation USA* 117 (Lindholm, ed. 1969); Snyder, "Taxing the Unlanded Gentry: A Trend in Taxation of Intangible Property," 4 Conn. L. Rev. 310 (1971). A good deal of information about the ownership of certain types of intangibles is collected by the IRS from copies of Form 1099 and from copies of Schedule B that accompany the filing of Form 1040. In addition, most major brokerage houses have valuable information already available on computer tapes. The existence of these sources of information makes it more feasible today for a state to ad-

A New Perspective

Perhaps what is happening to the property tax can be viewed from another perspective. One of the reasons that the property tax has survived for so long, despite ceaseless and vigorous criticism, is its remarkable adaptability to changing conditions. The tax might abound in anomalies and impurities, as critics rightfully note, but these anomalies and impurities are also testaments to its flexibility.⁷³

Over the last few decades, the ad valorem and uniformity principles have not been rigorously pursued, either legally or extralegally. Rather, considerations of ability to pay based on income⁷⁴ appear to have influenced assessment practices or policies. One way or another, the property tax has reached a rough accommodation with various

minister a tax on intangibles than at any time in the past. See Texas House of Representatives, *Intangibles and the Property Tax* (1978).

⁷³ Professor Glenn Fisher comes the closest to adopting this view of the property tax. See Fisher, "Property Taxation and the Political System," in *Property Taxation, Land Use, and Public Policy* 5 (Lynn, ed. 1976); Fisher & Fairbanks, "The Politics of Property Taxation," 12 *Ad. Science Q.* 48 (1967). Professor Fisher argues that the entire process of property tax assessment, levy, and collection can be viewed as a political process that has both its technical and its policy-making aspects. John Shannon appears to endorse this view in the context of full-value assessment:

These political barriers [to the attainment of full-value assessment] raise serious doubts concerning the basic theoretical premise underpinning full-value assessment laws—that the assessment process in all of its aspects is simply a ministerial or technical task of market-value estimation which can be divorced completely from the policy function of tax-load determination.

Shannon, "Assessment Law and Practice," in *Property Taxation USA*, note 72 *supra*, at 49. See also Netzer, *Economics of the Property Tax* 182-183:

Poor administration . . . may amount to a policy choice to moderate the impact of the property tax for specific types of property. That is, local governments, not just the people who happen to be their assessing officers, may conclude that uniformity will produce undesirable distributional or locational effects and they discriminate accordingly. If this is the case . . . then urging local government to mend their ways on "better and cleaner" government grounds is surely quixotic. Moreover, it amounts to substituting the judgment of reform-minded tax experts for that of local government in determining what economic impact of the property tax is desirable and tolerable. . . .

But compare Back, "Property Tax Administration: Current Conditions and Future Possibilities," in *Property Taxation, Land Use and Public Policy*, *supra*, at 65: "Poor administration, which is characterized by assessments that substantially lag behind market values and are inequitable as between properties, is one of the primary factors leading to the unpopularity and lack of general respect for the tax."

⁷⁴ Considerations of ability to pay based on income may have always been incorporated into the property tax. See Allphin, "Property Taxation: History—Status—Outlook," 29 *Tax Executive* 250 (1977).

groups of taxpayers.⁷⁵ Businesses have their property tax abatements, exemptions for machinery and inventory, easy access to the appeals process (and facility in negotiating assessments), and perhaps even favorable valuation techniques. Farmers have their use-value provisions and exemptions for livestock and agricultural machinery. Homeowners have their homestead exemptions and have often had the benefits of underassessment, either by design or by neglect. The elderly have their circuit breakers and freezes on their property taxes. These accommodations can easily be criticized, but their effect has often been to increase the acceptability of the property tax.⁷⁶

What I see happening to the property tax is that the long-standing extralegal practice of underassessing residential property is being eroded by pressures to equalize assessments. The dissolution of this accommodation with homeowners, combined with other trends of the 1960s and 1970s, has caused an increase in their share of the property tax burden. Psychologically and economically, the ground rules are being changed at the worst possible time—a time when the costs of home

⁷⁵ These accommodations have produced a property tax that resembles a patchwork quilt. As Dick Netzer reminds us, the property tax is "not a single national tax but an incredibly complex collection of taxes with literally thousands of local variations." Netzer, note 73 *supra*, at 1. The pattern that is produced by these accommodations is such a patchwork, that it is often difficult to distinguish the winners from the losers. And, it is impossible to determine who wins and who loses without resolving the knotty question whether differential tax rates are capitalized into property values. Many of the cases successfully challenging the lack of uniformity in assessments—for example, those involving utilities and railroads—have been brought by persons who obviously do not perceive themselves as winners. Some of their judicial victories were shortlived; however, a court mandate to equalize assessments was often nullified by a state's adoption of a classified property tax. For reasons that a taxpayer might choose not to challenge the lack of uniformity in assessments, see Fisher, note 73 *supra*, at 12.

Legal measures that grant relief to certain groups are obviously preferable to extralegal relief measures, which merely invite corruption, favoritism, and arbitrariness. If particular classes of taxpayers are to be favored, the terms of the accommodation with those groups should be openly debated and reached by consensus.

⁷⁶ But compare the views of Professor Lindholm:

[The property tax] has been permitted to become heavily encrusted with an overlay of special-interest legislation. It is time these accretions were scraped off so that the clean lines of the original may be seen. When the original purposes and the methods of reaching them are revealed, the property tax becomes much more attractive to businessmen, to economists, to tax specialists, and—most important of all—to taxpayers in general.

"Preface," in *Property Taxation USA*, note 72 *supra*, at viii.

ownership are skyrocketing,⁷⁷ a time when there is little growth in real income,⁷⁸ and a time when inflation is causing dislocations and uncertainties. Consequently, some measure of relief for homeowners has become a political mandate. Indeed, as the recent wave of classified property taxes illustrates, the response of some states has been to legitimize extralegal practices that were in the process of being eroded.

The question for all of us in the 1980s—academics, tax administrators and policymakers, and the business community—is how to respond to these attempts to reach a new accommodation with homeowners. We are being invited to re-examine our perceptions of the premises and assumptions that underlie the property tax, to weed out those which might no longer be accurate or relevant,⁷⁹ and to consider changes that might not have been warranted or feasible in the past. As Norman Ture has pointed out, such a re-examination can lead to new insights:

All of us concerned with tax theory and policy rely heavily on "everybody knows" propositions, often without being conscious of the fact. When we go out of our way to identify and to analyze these basic assumptions, challenging and exciting conclusions often emerge. And even when we come away from such exercises without having reached solid conclusions, the questions that we have raised are themselves fascinating.⁸⁰

It seems an appropriate time to begin that exercise if we are going to play an active role in shaping the course of the property tax in the 1980s.

⁷⁷ Between 1966 and 1976, the total payments for principal, interest, and property taxes on a home increased from 23.5 percent of family disposable income to 31.3 percent, an increase of nearly 25 percent. Behrens, "Property Taxes and Property Values: What's New About Base, Burden, and Other Mysteries," National Institute of Education (forthcoming in 1980).

⁷⁸ Boskin, "Some Neglected Economic Factors Behind Recent Tax and Spending Limitation Movements," in Supplement, note 3 *supra*, at 38.

⁷⁹ See, e.g., Stiles, "Conference Hour Discussions," in Property Taxation USA, note 72 *supra*, at 271:

It should be remembered . . . that the legal standard [of uniformity] is 100 years old, and given today's conditions, a deviation from this standard may be necessary. Conditions today may be such that the across the board uniformity spelled out in century-old constitutions is just absurd, and, left to their own devices, the assessment authorities are going to have to make concessions and work toward systematic extra-legal departures from uniformity. . . . I submit that it is high time we questioned it rather than regarding it as something that is just axiomatically desirable.

⁸⁰ Ture, "Taxation and the Distribution of Income," in *Wealth Redistribution and the Income Tax* 3 (Leibowitz, ed. 1978).